

Message Text

SECRET

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 SAM-01 CU-02 /071 W
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R 290901Z JUL 76

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 4111

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMCONSUL HONG KONG

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMEMBASSY MOSCOW

USLO PEKING

AMEMBASSY RANGOON

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

CINCPAC

S E C R E T SECTION 1 OF 2 KUALA LUMPUR 4346

NOFORN

E.O. 11652: GDS

TAGS: PFOR, PINT, MY, UR, CH, VN

SUBJECT: GOM REACTION TO COMMUNIST COUNTRIES--K.L. REBUFFS MOSCOW'S
EMBRACE

REF: (A) RANGOON 2391, (B) MOSCOW 7247

1. SUMMARY. LAST WEEK PREMIER HUSSEIN ONN REPORTEDLY ORDERED
GOM OFFICIALS TO CANCEL IMPENDING NEGOTIATIONS WITH THE USSR
OVER CONSTRUCTION OF A HYDROELECTRIC DAM; A PROJECT FOR WHICH
THE RUSSIANS HAVE DONE THE FEASIBILITY STUDY AND THE COMPLETION
OF WHICH THEY HAVE AVIDLY PRESSED. THIS DECISION FOLLOWS A
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LONG SERIES OF REBUFFS TO THE SOVIETS IN OTHER POSSIBLE FIELDS

OF JOINT ENDEAVOR AND THE CANCELLATION OF VISAS FOR SOVIET ACADEMICS IN MALAYSIA. HUSSEIN'S REJECTION OF A MAJOR RUSSIAN ROLE IN MALAYSIA, A ROLE THEY HAVE WANTED VERY BADLY, CAN BE SEEN AS AN EFFORT TO MAINTAIN EQUIDISTANCE BETWEEN THE MAJOR COMMUNIST POWERS AND TO AVOID ANYTHING THAT WOULD INCITE PEKING TO INCREASE ITS SUPPORT FOR THE COMMUNIST INSURGENTS IN MALAYSIA. MFA SOURCES ALSO REPORT THE THE GOM DOES NOT CREDIT SOVIET CLAIMS TO BE RESPONSIBLE FOR THE NEW, MORE FRIENDLY FACE SHOWN BY HANOI TO ASEAN. FURTHERMORE, THE MALAYSIANS FIND MOSCOW'S CHARACTERISTIC HARD SELL AND CONTINUAL PRESSURE DISAGREEABLE; IT OFFENDS CULTURAL SENSIBILITIES AS WELL AS RAISING THE SPECTRE OF A MORE AGGRESSIVE STAND BY THE CURRENTLY QUIESCENT CHINESE MISSION IN KUALA LUMPUR. BECAUSE OF THE PROXIMITY AND PERCEIVED POWER OF CHINA AND VIETNAM, AS CONTRASTED WITH THE DISTANCE FROM MOSCOW AND THE LACK OF A REAL SOVIET MILITARY THREAT, THE GOM WILL PROBABLY CONTINUE TO REBUFF MOSCOW'S IMPORTUNITIES FOR THE FORESEEABLE FUTURE AND RELATIONS BETWEEN THE TWO CAPITALS ARE LIKELY TO BE CHILLY. END SUMMARY.

2. THE LONG-TERM STRATEGIC ADVANTAGE ENJOYED BY CHINA IN SOUTHEAST ASIA IS AS KEENLY APPRECIATED IN MALAYSIA AS IT IS IN BURMA (REF A). IN CONTRAST TO BURMA, HOWEVER, THE USSR APPEARS TO BE THE COMMUNIST NATION LEAST LIKELY TO SUCCEED WITH AND MOST LIKELY TO IRRITATE THE MALAYSIANS. THIS MAY SEEM ODD, GIVEN THE FACT THAT THE CHINESE COMMUNIST PARTY OPENLY SUPPORTS THE MALAYAN COMMUNIST PARTY WHICH HAS TRIED TO IMPOSE ITSELF ON THE COUNTRY BY SUBVERSION AND FORCE OF ARMS SINCE 1948. BUT IT REFLECTS THE GOM'S PERCEPTION OF THE POTENTIAL THREAT FROM CHINA AND ITS DESIRE TO AVOID ANY ACTION THAT MIGHT CAUSE THE CHINESE TO ABANDON THEIR CURRENT TWO-PRONGED POLICY OF CORDIAL GOVERNMENT-TO-GOVERNMENT RELATIONS WHILE CONTINUING FRATERNAL SUPPORT BY THE CCP FOR THE MCP IN FAVOR OF INCREASED SUPPORT FOR THE MCP. SIMILARLY, BECAUSE OF THE OBVIOUS ABILITY OF THE NORTH VIETNAMESE TO UNDERMINE THE THAI GOVERNMENT AND TO ASSIST THE MCP, HANOI HAS BEEN TREATED WITH FEAR AND RESPECT BY THE MALAYSIANS. AS GOM MFA OFFICIALS SEE IT, THE BEST WAY TO HANDLE THE THREAT POSED BY THE PROXIMATE CHINESE AND VIETNAMESE IS TO DO NOTHING THAT MIGHT

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STIMULATE AGGRESSIVE ACTION BY EITHER COUNTRY. THE SOVIET UNION, HOWEVER, IS FAR AWAY AND ITS POWER IN THE REGION DOES NOT SEEM THREATENING. FURTHERMORE, ITS EFFORTS TO PUSH ITS INITIATIVES IN MALAYSIA ARE SEEN AS DANGEROUS TO THE GOM'S DESIRE TO ENSURE THAT THE NEIGHBORING CHINESE TIGER DOES NOT WAKEN FROM ITS SLUMBERS.

3. GOM FEAR OF RUSSIAN EFFORTS TO GAIN A POSITION OF INFLUENCE

IN MALAYSIA THEREBY RISKING THE INTRODUCTION OF COMPETITION BETWEEN THE SOVIETS AND THE CHINESE, WE WERE INFORMED ONLY THIS WEEKEND, HAD LED TO AN AS YET UNANNOUNCED DECISION BY PRIME MINISTER HUSSEIN ONN TO REFUSE THE NEGOTIATE WITH A LARGE SOVIET MISSION SCHEDULED TO ARRIVE HERE NEXT MONTH TO DISCUSS THE DESIGN AND CONSTRUCTION OF THE TEMBELING HYDROELECTRIC DAM (SEE K.L. 3622). EVER SINCE THEY FINISHED THE FEASIBILITY STUDY FOR THE DAM LAST YEAR THE SOVIETS HAVE BEEN PRESSING HARD FOR MALAYSIAN AGREEMENT TO LET THEM PROCEED WITH THE DESIGN AND CONSTRUCTION PHASES OF THIS LARGE PROJECT. IN ADDITION, MFA SOURCES TELL US, THE GOM HAS REFUSED SOVIET OFFERS OF A MARITIME AGREEMENT, A JOINT FISHING SCHEME, A JOINT SHIPPING COMPANY, AND A BUNKERING INSTALLATION FOR RUSSIAN MERCHANT SHIPS. IT HAS ALSO REFUSED OR CANCELLED VISAS FOR SOVIET ACADEMICS ATTACHED TO LOCAL INSTITUTIONS AND IS DISCOURAGING CULTURAL AND TRADE UNION TIES AS MUCH AS POSSIBLE. WHEN DATUK HUSSEIN'S REBUFF IS ANNOUNCED, THEREFORE, THERE IS LIKELY TO BE A STRONG REACTION FROM MOSCOW.

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S E C R E T SECTION 2 OF 2 KUALA LUMPUR 4346

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4. GOM OFFICIALS SAY THAT THE RUSSIANS HAVE PUSHED TOO HARD TO EXPAND THEIR PRESENCE HERE, IRRITATING THE MALAYSIANS WHO HAVE A CULTURAL AVERSION TO THE HARD SELL. THEY ARE ALSO ACCUSED BY OFFICIALS OF HEAVY HANDED INTELLIGENCE ACTIVITIES INCLUDING ATTEMPTS TO INFLUENCE MALAYSIANS ON BOTH EXTREMES OF THE POLITICAL SPECTRUM. (ONE OF THE MAIN ARGUMENTS TO THE PRIME MINISTER TO JUSTIFY DENYING THE TEMBELING DAM PROJECT TO THE USSR WAS THE INCREASED SOVIET PRESENCE THIS WOULD BRING ABOUT AND THE DIFFICULTY BOTH OF KEEPING TRACK OF THE INTELLIGENCE COMPONENT THAT WAS EXPECTED TO BE INCLUDED AND TO PROTECT THE GROUP FROM MCP TERRORISTS.

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5. THE PRC, ON THE OTHER HAND, HAS MAINTAINED A RELATIVELY LOW PROFILE HERE. ALTHOUGH ITS OCTOBER FIRST CELEBRATIONS ARE WELL ATTENDED BY CABINET MINISTERS AND ITS DIPLOMATS WELL KNOWN TO THE MALAYSIAN CHINESE BUSINESS COMMUNITY, NEWSPAPER EDITORS AND LEADERS OF FAMILY ASSOCIATIONS (CLANS), IT HAS NOT PROPOSED ANY ASSISTANCE PROJECTS THAT WE KNOW OF NOR HAS IT SOUGHT TO INCREASE ITS OFFICIAL PRESENCE HERE BEYOND TOLERABLE LIMITS. AFTER THE INITIAL EUPHORIA BROUGHT ABOUT BY TUN RAZAK'S TRIP TO PEKING HAD WORN OFF, THERE WERE SOME RUMBLINGS FROM GOM SECURITY SERVICES ABOUT CHINESE EMBASSY CONTACTS WITH CHINESE SCHOOLS AND AN OFFICIAL PROTEST, NEVER FORMALLY ANSWERED, OVER CCP CONGRATULATIONS TO THE MCP ON ITS 45TH ANNIVERSARY. HOWEVER, THIS ANNOYANCE SEEMS TO HAVE PASSED AND THE CHINESE APPARENTLY ARE VIEWED BY THE GOM AS SCRUPULOUSLY CORRECT IN THEIR DIPLOMATIC ACTIVITIES HERE. (HOWEVER, THE RIGHT WING OF THE RULING UNITED MALAYS NATIONAL ORGANIZATION CONTINUES TO WARN OF DANGERS IN THE RELATIONSHIP WITH THE PRC.) PERHAPS MORE IMPORTANTLY, PRC EMBASSY OFFICIALS ARE NOT PUSHING SINO-SOVIET ISSUES WITH THE GOM, THEREBY RELIEVING MALAYSIAN BUREAUCRATS OF HAVING TO ENTERTAIN ENDLESS COMPLAINTS AS THEY MUST DO FROM THE RUSSIANS.

6. UNDER ITS FIRST PREMIER, TUNKU ABDUL RAHMAN, THE GOM ORIGINALLY GAVE TRAINING AND MATERIAL SUPPORT TO NGO DINH DIEM'S GVN BUT BY THE LATE SIXTIES, WITH THE WITHDRAWAL FIRST OF BRITISH AND LATER OF U.S. MILITARY FORCES FROM SOUTHEAST ASIA, IT BACKED AWAY FROM THIS POLICY, BOTH

BECAUSE OF THE DIFFICULTIES IT CREATED IN BEING ACCEPTED
IN NONALIGNED CIRCLES AND OF A GROWING DESIRE TO MEND
FENCES WITH AN ASCENDENT HANOI. THE FALL OF SAIGON CREATED
AN IMMEDIATE SHOCK WAVE HERE AND THE RESULTANT NORTH
VIETNAMESE CAPABILITY TO PROVIDE MATERIAL AND OTHER
ASSISTANCE TO COMMUNIST INSURGENT GROUPS WAS A CONSTANT
TOPIC OF CONVERSATION. MALAYSIA, HOWEVER, STUCK DETERMINEDLY
TO A POLICY OF AVOIDING ANY CHALLENGE TO THE VIETNAMESE,
AND RESISTED EFFORTS BY INDONESIA, SINGAPORE AND THE
PHILIPPINES TO UTILIZE ASEAN AS A FRAMEWORK FOR SECURITY
COOPERATION DIRECTED AGAINST THEM. (MFA WAS SO CONVINCED
OF THE LOGIC OF DRAWING THE NOW SRV INTO A NONCOMBATIVE
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RELATIONSHIP THAT IT SOUGHT, UNSUCCESSFULLY, TO HAVE PRIME
MINISTER HUSSEIN SUGGEST A MORE CONCILIATORY U.S. POLICY
TOWARD HANOI TO VICE PRESIDENT ROCKEFELLER WHEN THE LATTER
VISITED HERE IN FEBRUARY.) WHILE STILL BASICALLY SUSPICIOUS
AND FEARFUL OF THE COMMUNIST VIETNAMESE, MFA OFFICIALS
CURRENTLY FEEL THAT THE MODERATE TONE TAKEN BY SRV FOREIGN
MINISTER PHAN HIEN DURING HIS RECENT VISIT TO SOUTHEAST ASIAN
COUNTRIES TO EVIDENCE THAT THEIR STRATEGY IS WORKING.

7. (GOM OFFICIALS HAVE TOLD US THAT USSR REPS HERE AND IN
HANOI HAVE TRIED TO ASSUME THE ROLE OF MALAYSIA'S ADVOCATE
WITH THE SRV, CLAIMING, FOR EXAMPLE, TO HAVE BEEN
INSTRUMENTAL IN SECURING HOTEL ROOMS FOR THE FIRST
MALAYSIAN DIPLOMATS SENT TO HANOI. MORE RECENTLY, THE
RUSSIANS HAVE CLAIMED CREDIT FOR PHAN HIEN'S VISIT AND
FOR THE CONCILIATORY TONE HE TOOK WITH THE GOM. HOWEVER,
OUR SOURCES SEE THIS SIMPLY AS OPPORTUNISM AND DO NOT
BELIEVE THE USSR HAS PLAYED A SIGNIFICANT PART IN SOFTENING
THE VIETNAMESE STAND.)

8. COMMENT: DATUK HUSSIN'S DECISION TO TURN DOWN RUSSIAN
OFFERS OF ASSISTANCE IN BUILDING THE TEMBELING DAM CAN BE
SEEN AS AN EFFORT TO MAINTAIN EQUIDISTANCE BETWEEN THE MAJOR
COMMUNIST POWERS AND TO AVOID ANYTHING THAT WOULD INCITE
PEKING TO INCREASE ITS SUPPORT FOR THE COMMUNIST INSURGENTS,
OR TO ENTER INTO A COMPETITION WITH THE SOVIETS TO INCREASE
THEIR INFLUENCE AND PRESENCE HERE. MALAYSIAN OFFICIALS
IN THE FOREIGN MINISTRY ARE ACUTELY AWARE OF THE STRONG
REACTION THAT THEY ARE LIKELY TO GET WHEN THIS DECISION IS
MAKE KNOWN TO THE SOVIET AMBASSADOR HERE AND TO MOSCOW.
BECAUSE OF THE PROXIMITY AND PERCEIVED POWER OF CHINA AND
VIETNAM, AS CONTRASTED WITH THE DISTANCE FROM MOSCOW AND
THE LACK OF A PERCEIVED SOVIET MILITARY OR ECONOMIC
THREAT, THE GOM WILL PROBABLY CONTINUE TO REBUFF MOSCOW'S
IMPORTUNITIES FOR THE FORESEEABLE FUTURE AND RELATIONS
BETWEEN THE TWO COUNTRIES ARE LIKELY TO BE CHILLY UNLESS

THE USSR GIVES UP ITS HARD SELL TACTICS.
UNDERHILL

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